We Have Exceeded $200 Million in Assets!

We now have around 2,100 doors under management within the portfolio and a total of $207 Million assets under management (AUM). This is a testament to our team's hard work as we've ***doubled*** **our AUM in the past year**.

Currently, these $207 Million in assets include:

- $47 Million are purchased properties in various stages, from rehab to ready for sale to the fund.
- $67 Million are assets of the Buy and Hold Fund.
- $93 Million are titled properties held in investors' names. (*These are composed of 1031 Exchanges or cash investors who are using outside financing to leverage their investment to increase their return*.)

In our five primary markets (Akron, Toledo, and Cleveland, OH; St. Louis, MO; and Birmingham, AL), our average occupancy rate has had a small downtick from 92% to 90%. This is primarily due to being able to evict more residents who could not get rental assistance, refused to work with us, or are not capable of paying their rent.

The good news is we are able to get more non-paying tenants out, which means we can finally get reliable tenants in these properties who will bring in a steady cash flow. The cost of all the turnover maintenance and repairs, however, has cut into November and December's net return. As of February (when we are writing this update), we're working on getting January numbers reconciled to **report to you as soon as possible**. We are hopeful that the amount of turnover we've had in the last 120 days **will be the *final* aftereffects from the eviction moratorium**.

Meanwhile, housing prices have continued to increase — even in our boring little markets. They are not dramatic like what is experienced on the coasts, but the price increase has made it harder to buy. So, the homes we have been purchasing over the last six months have slightly lower returns because of it.

All of this has continued to put downward pressure on the return as we finished out 2021 and entered 2022. **We anticipate our number of evictions will slow down and we will be able to get back to higher occupancy rates.** These changes will likely be reflected in the return rates in about 90 to 120 days.

Exciting News: We Are Entering the Vacation Rental Market

We're thrilled to venture into the Vacation Rental (VR) real estate market. These properties will be on platforms like Airbnb, VRBO, HomeAway, etc. You have probably even stayed at one of these types of properties over the last few years. **We have put 500 hours into this project to figure out the best markets, strategies, financial returns, and tricks of the trade** to decide if it is scalable, profitable, or has any fatal flaws.

What we have found so far is *very compelling* and meets our criteria to open another successful fund. We are starting in Scottsdale, AZ with a contract to purchase two homes. By the time you read this, one of them should already be on the market for guests to start staying in! We'll keep you posted on this investment opportunity as it develops, and how you can reap the benefits as a Hughes Private Capital family member.

Senior Housing Continues to Move Forward

Our first deal in Senior Housing is slowly coming along. Right now, we are waiting to get approval from a lender for terms favorable to the project. We are also working on getting the fund structure completed so we can roll it out to investors. As we get closer to finalizing all of these details, we will keep you updated.

Until next time,

Steve Sixberry

Greg Hughes